

STUDENT FINANCIAL ASSISTANCE PROGRAMS

(PELL GRANTS, SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS, WORK-STUDY, PERKINS LOANS, LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIPS, FEDERAL DIRECT LOANS, AND FEDERAL FAMILY EDUCATION LOANS)

Goal: Postsecondary student aid delivery and program management is efficient, financially sound, and responsive to customers.

Relationship of Program to Volume 1, Department-wide Objectives: SFA's primary mission is to help put America through school by delivering Federal student aid to 8.5 million students and their families every year. As the Federal government's first performance-based organization, SFA is designed to better focus resources and management expertise on student financial assistance issues by establishing clear goals and incentives for improved performance. To successfully achieve this result, SFA is instituting a balanced score card approach to managing its business operations. It focuses on three basic indicators and goals: improving customer satisfaction; lowering unit cost; and, because it is essential to improving both, employee satisfaction. The balance score card and associated activities as laid out in SFA's 5-Year Plan directly support Objective 3.3 of the Strategic Plan.

FY 2000—\$11,233,000,000

FY 2001—\$13,229,000,000 (Requested budget)

OBJECTIVE 1: INCREASE CUSTOMER SATISFACTION.

Indicator 1.1 Increase Customer Satisfaction to a comparable private sector industry average—American Customer Satisfaction Index (ACSI) rating of 74 (out of a possible score of 100)—by FY 2002.

| Targets and Performance Data | | | Assessment of Progress | Sources and Data Quality |
|------------------------------|--|---|--|--|
| Year | Actual Performance | Performance Targets | Status: Unable to judge. This is a new methodology for customer satisfaction monitoring for 2000. The 1999 result will be used to help develop future benchmarks. Explanation: The ACSI uses a widely accepted methodology to obtain standardized customer satisfaction information for all of its participants. Over 170 private-sector corporations use ACSI. Because it is widely used across all business sectors it allows us to benchmark and compare ourselves to the best in business. Business processes align directly to customer channels. The Student Channel processes include Aid Awareness, Aid Application, and Loan Repayment. The School Channel processes include Aid Origination and Disbursement, Program Eligibility, Program Support, and Financial Transactions. The Financial Partners Channel processes include Program Eligibility, Program Support, and Financial Transactions. | Source: American Customer Satisfaction Index (ACSI), National Quality Research Center (NQRC) at the University of Michigan. <i>Frequency:</i> Annually. <i>Next Update:</i> Summer 2000. Validation Procedure: Verified by Dept of ED attestation process and ED. Limitations of Data and Planned Improvements: None noted. |
| 1999: | ACSI rating was 63. However, this result was based just on SFA's student application process. | No target set | | |
| 2000: | SFA will expand the measure to include each of our 10 core business processes. | As a down payment on our commitment to improving services, at least 70 percent of surveyed respondents will report improvement in at least 6 of the 10 core business processes. | | |
| 2001: | | Once baseline is established we will be able to come up with a valid FY 2001 goal. | | |
| 2002: | | ACSI rating of 74 or comparable to overall measure of the finance and insurance industry. | | |

OBJECTIVE 2: DECREASE UNIT COSTS.

Indicator 2.1 By FY 2004, reduce actual unit costs from projected unit costs by 19 percent.

| Targets and Performance Data | | | | Assessment of Progress | Sources and Data Quality |
|--|--------------------------|---|--|--|--|
| Year | Actual Performance | Performance Targets | | Status: Unable to judge – this is a new measure for SFA PBO 2000-04 5-Year Plan. Explanation: Unit Costs are defined as total costs in a fiscal year divided by the number of unduplicated recipients of loans and grants. (Actual or targeted unit costs are the goals SFA is setting for itself. Projected unit costs are based on forecasts. They increase rapidly during the next 5 years because of the rapid growth in the Direct Loan portfolio and a maturation of the portfolio to the most expensive component of loan servicing.) Anecdotal information suggests that we are making progress: mailing costs are down; e-filings are increasing; and the consolidation of our computer systems will yield cost reductions. | Source: The cost component comes from the FY 98 appropriated funds budget – including out-year estimates. The number of recipients comes from the Office of the Undersecretary. <i>Frequency:</i> Annually. <i>Next Update:</i> 2000. Validation Procedure: No formal verification procedure applied. Limitations of Data and Planned Improvements: None noted. |
| | | Budgeted Unit Cost Target (Approximated) | Unit Cost Reduction from Projected (Approximated) | | |
| 1999: | Not available | No target set | No target set | | |
| 2000: | FY 2000 is baseline year | 28.50 | No Reduction* | | |
| 2001: | | 28.00 | -3% | | |
| 2002: | | 26.80 | -9% | | |
| 2003: | | 25.85 | -13% | | |
| 2004: | | 24.55 | -19% | | |
| *In FY 2000, SFA will reduce operating expenses by \$18 million so that it can invest more heavily in technology to make operations more efficient. Consequently, there are no unit cost savings in FY 2000; however, unit cost will begin to fall in FY 2001. | | | | | |

OBJECTIVE 3: INCREASING EMPLOYEE SATISFACTION.

Indicator 3.1 Improve SFA's ranking of employee satisfaction in the Office of Personnel Management's (OPM) and National Performance Review's (NPR) employee opinion survey from 33rd to top 5 by 2002.

| Targets and Performance Data | | | Assessment of Progress | Sources and Data Quality |
|--|----------------------------|---|---|--|
| <i>SFA Employee satisfaction ranking</i> | | | <p>Status: Unable to judge—this is a new measure for SFA PBO 2000-2004 5-Year Plan. The 1998 and 1999 data should be used as benchmarks.</p> <p>Explanation: Satisfaction is measured by responses to the survey question, "Considering everything, how satisfied are you with your job?"</p> <p>Although no specific target was set for 1999, the slight decline in ranking is not unexpected given that the survey was conducted during an SFA-wide reorganization and while many employees were transitioning to new senior-level managers. Since the NPR survey did not provide information at the work unit level, an additional survey is currently under way. Employees and managers with the help of our SFA University will use the results of these surveys to help to resolve issues and concerns.</p> | <p>Source: National Partnership for Reinventing Government Survey. <i>Frequency:</i> Annually. <i>Next Update:</i> January 2001.</p> <p>Validation Procedure: Data are supplied by NPR and OPM. No formal attestation procedure applied.</p> <p>Limitations of Data and Planned Improvements: None noted.</p> |
| Year | Actual Performance | Performance Targets | | |
| 1998: | 33 rd out of 49 | | | |
| 1999: | 38 th out of 49 | No target set | | |
| 2000: | | Increase from 1999. (Also achieve success in five big issues our Labor-Management Partnership Council identifies and make demonstrable progress on those five issues this year.) | | |
| 2001: | | Increasing rank from 2000. | | |
| 2002: | | Top 5 of all agencies. | | |

KEY STRATEGIES

Strategies Continued from 1999

- ❖ **Interim Performance Plan to improve service, reduce cost and transform SFA into a PBO.** When the PBO was established in fall 1998, an interim performance plan was developed to achieve three key objectives: improving customer satisfaction; reducing the overall cost of delivering student aid; and transforming the student financial assistance office into a performance-based organization. The plan was to cover activities through the end of FY 1999. The plan's major milestone activities and key performance measures were included in the Department's FY 2000 Annual Plan. By the end of the fiscal year, most of what SFA set out to accomplish had been achieved, and additional customer-suggested items not included in the initial plan were also completed. A report on the status of last year's plan can be obtained from the Web site: <http://www.ed.gov/offices/OSFAP/>. In January 2000, the working version of our 5-year performance plan was made available to customers, partners, and stakeholders. This new plan builds upon the interim experience and focuses on achieving three objectives: improved customer satisfaction, improved employee satisfaction, and lower unit cost. The new plan can also be found at the Web address cited above.

New or Strengthened Strategies

- ❖ **SFA 5-Year Plan to improve employee and customer satisfaction and lower unit costs.** The Student Financial Assistance (SFA) 5-year plan details specific projects that will help SFA move closer to achieving improved customer and employee satisfaction as well as lowering unit costs. These projects are listed in Attachment A of the plan and will be accomplished by the close of FY 2000. They include such improvements as establishing one toll-free number for "one call does it all" customer service, simplifying the aid application, allowing Web-based access to the aid application, and so forth. The plan also includes internal performance measures that will help ensure that operations continue to run smoothly.
- ❖ **Modernize and improve the delivery system for SFA programs.** To achieve better service at lower costs, as well as the statutory requirements detailed in the PBO legislation; SFA must integrate and modernize its existing stovepiped, mission-critical databases. The System Modernization Blueprint provides a mechanism for accomplishing this task. Borrowing from the best-in-business practices in the financial sector, SFA will utilize middle ware to create applications that are focused on each customer channel and draw from common data that are stored only once. The Blueprint spells out projects to put in place in a modular fashion and the appropriate timing or sequencing for accomplishing activities.

HOW THIS PROGRAM COORDINATES WITH OTHER FEDERAL ACTIVITIES

- ❖ We perform data matches with numerous Federal agencies to ensure applicants are eligible to participate in Federal assistance programs. These agencies include the Selective Service, Immigration and Naturalization Service, Social Security Administration, Veterans Affairs, and Treasury.

CHALLENGES TO ACHIEVING PROGRAM GOAL

- ❖ Because this objective involves primarily internal ED initiatives, there are no external factors that should affect achievement of the objective.

INDICATOR CHANGES

From FY 1999 Annual Plan (two years old)

When the PBO was established in fall 1998, an interim performance plan was developed to achieve three key objectives: improving customer satisfaction; reducing the overall cost of delivering student aid; and transforming the student financial assistance office into a performance-based organization. The plan was to cover activities through the end of FY 1999. Its major milestone activities and key performance measures were included in the Department's FY 2000 Annual Plan. It represented a substantial departure from our previous plans provided in GPRR and centered on our **customer segments**—students, schools, and financial institutions—not programs as in the 1999 plan. Indicators that were no longer strategically aligned with the interim performance plan objectives were dropped. Many of these measures will still be tracked internally and reported quarterly and annually to customers, partners, and stakeholders.

Adjusted

- ❖ Program Outcome Measures are included under a separate plan called "Student Financial Assistance Policy."

Dropped

- ❖ Indicators previously contained in the OPE section include QA Participation Rate, Compliance Rate, Application Data Quality, Timely Delivery of Programs, Effectiveness of Case Management Targeting, Sustainment Rate, Institutional Cash Management, Administrative Costs, Increased Use of Electronic Applications, and Data Quality.
- ❖ Dropped indicators previously contained in the Pell section include Contract Performance and Positive Audit Results.
- ❖ Indicators previously contained in the Campus-Based Program section include Percentage of Funds Available for Reallocation, Percent of Funds Spent on Community Service, Student Placement Rates, Collection Rate, Contract Performance, and Positive Audit Results.
- ❖ Indicators for Student Incentive Grant Program include Availability of Program Fund and Leveraging Effects.
- ❖ Indicators for the Federal Family Education Loan (FFEL) Program include Gross Default Rate, Loss Rate, Annual Delinquency Rate, Contract Performance, FFEL Financial Statements, Lender and Guaranty Agency Lender Results, and Strengthening the Quality of Audits.
- ❖ Indicators for the Direct Loan Program include Institutional Participation Rate, Gross Default Rate, Loss Rate, Annual Delinquency Rate, Contractor Performance, and Positive Audit Results.

From FY 2000 Annual Plan (last year's)

Adjusted—None.

Dropped—None.

New—None.